
The CFO of the Future

The Changing Role of the Financial Manager

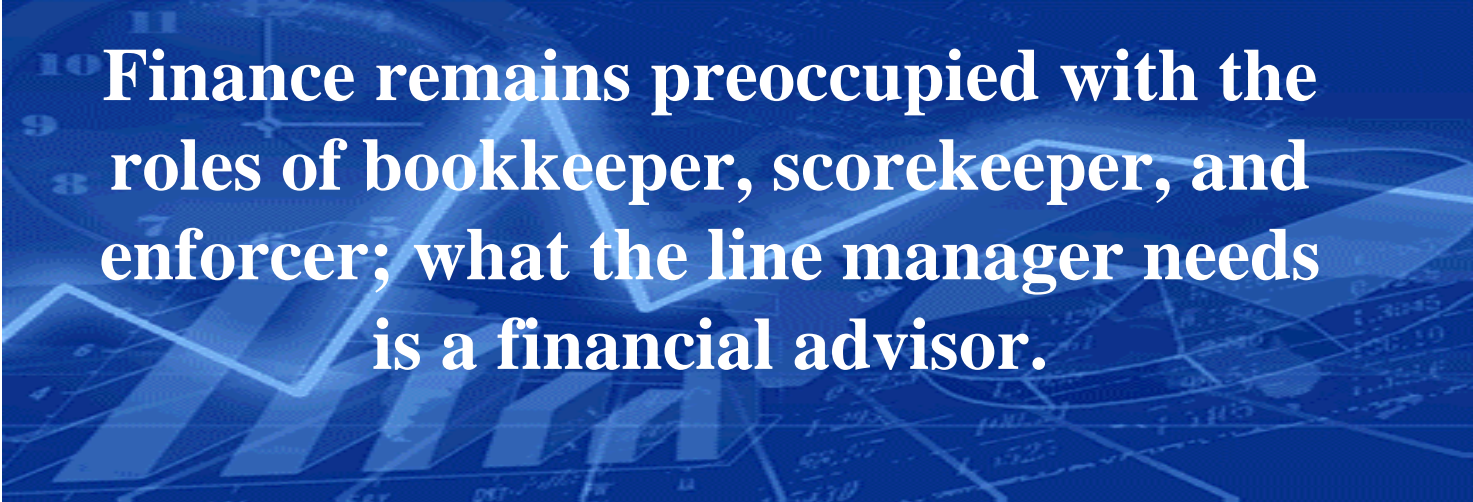


**Presentation to the USDA CFO Advisory Board Retreat
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PRICEWATERHOUSECOOPERS 

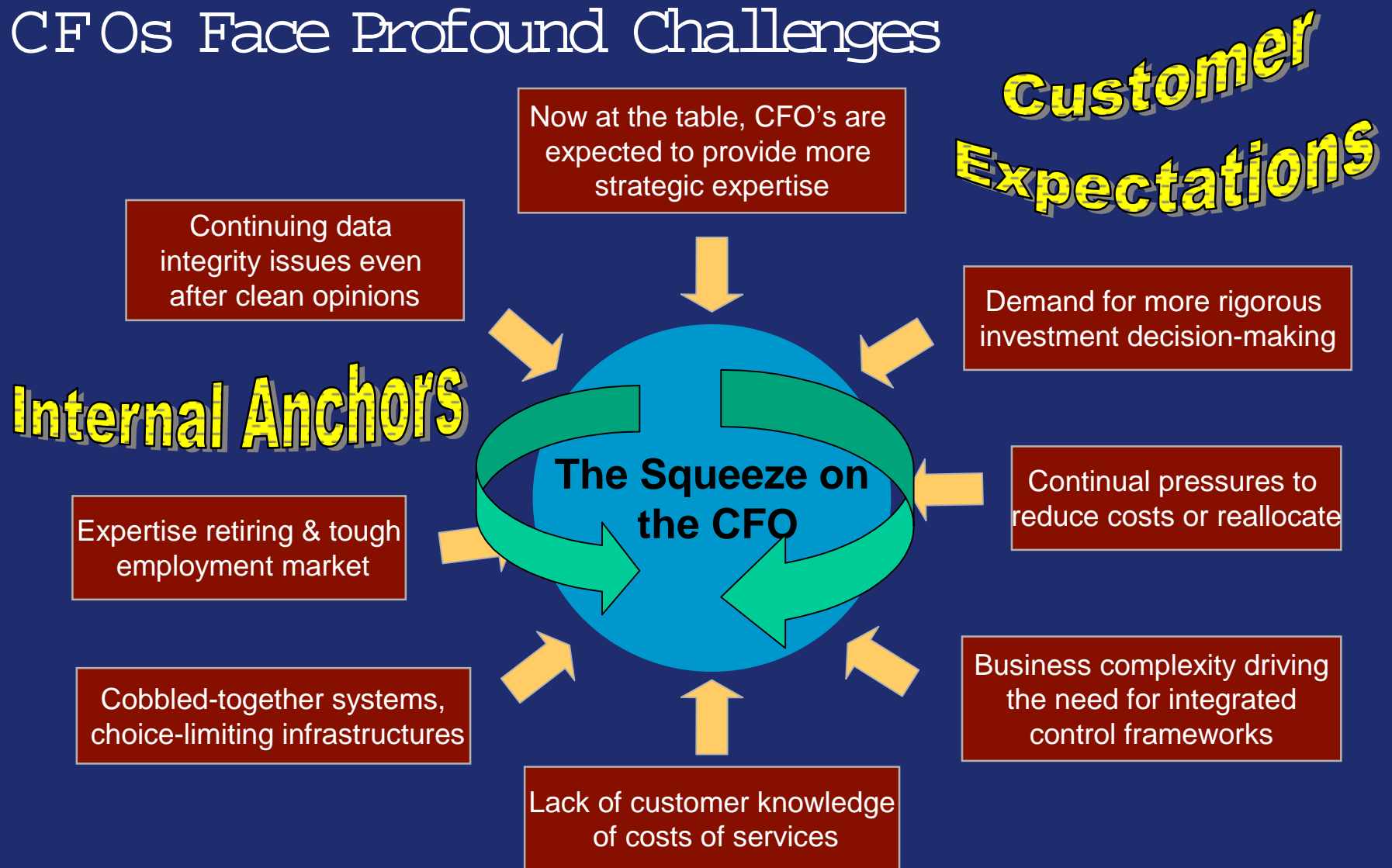
Finance -- Yesterday and Today



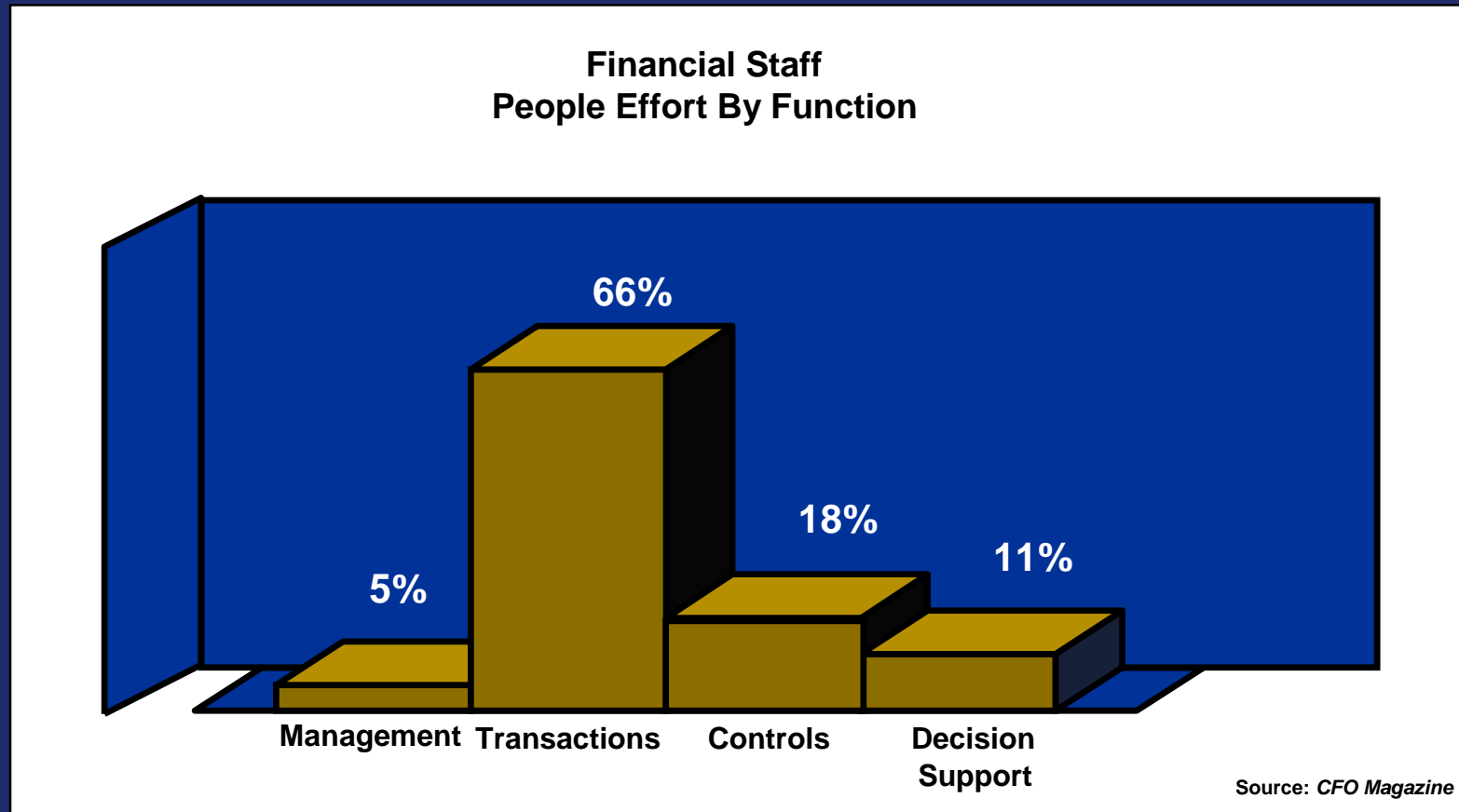
Finance remains preoccupied with the roles of bookkeeper, scorekeeper, and enforcer; what the line manager needs is a financial advisor.

"Rethinking Financial Management"
Refractions Research, Hammer and Company 1993

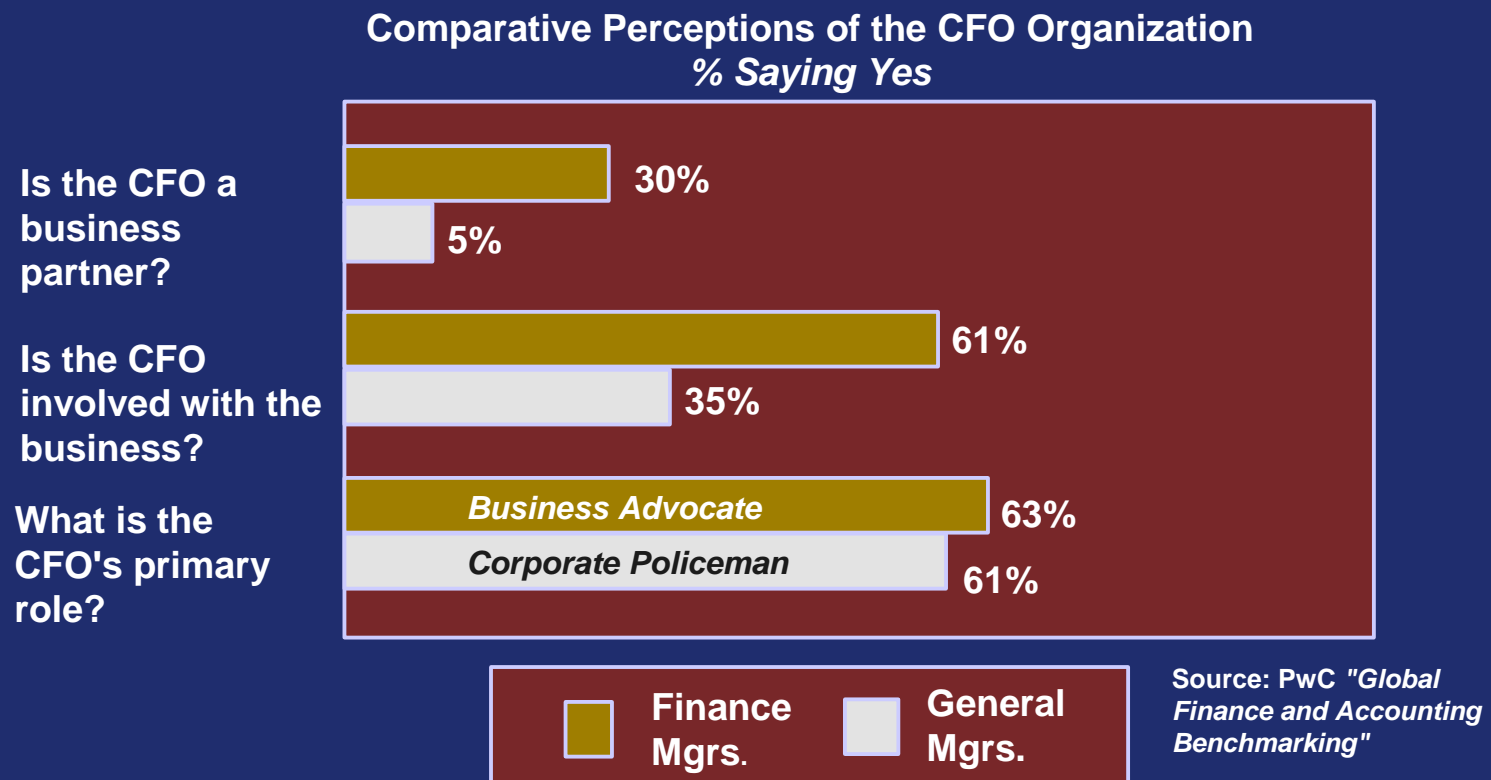
CFOs Face Profound Challenges



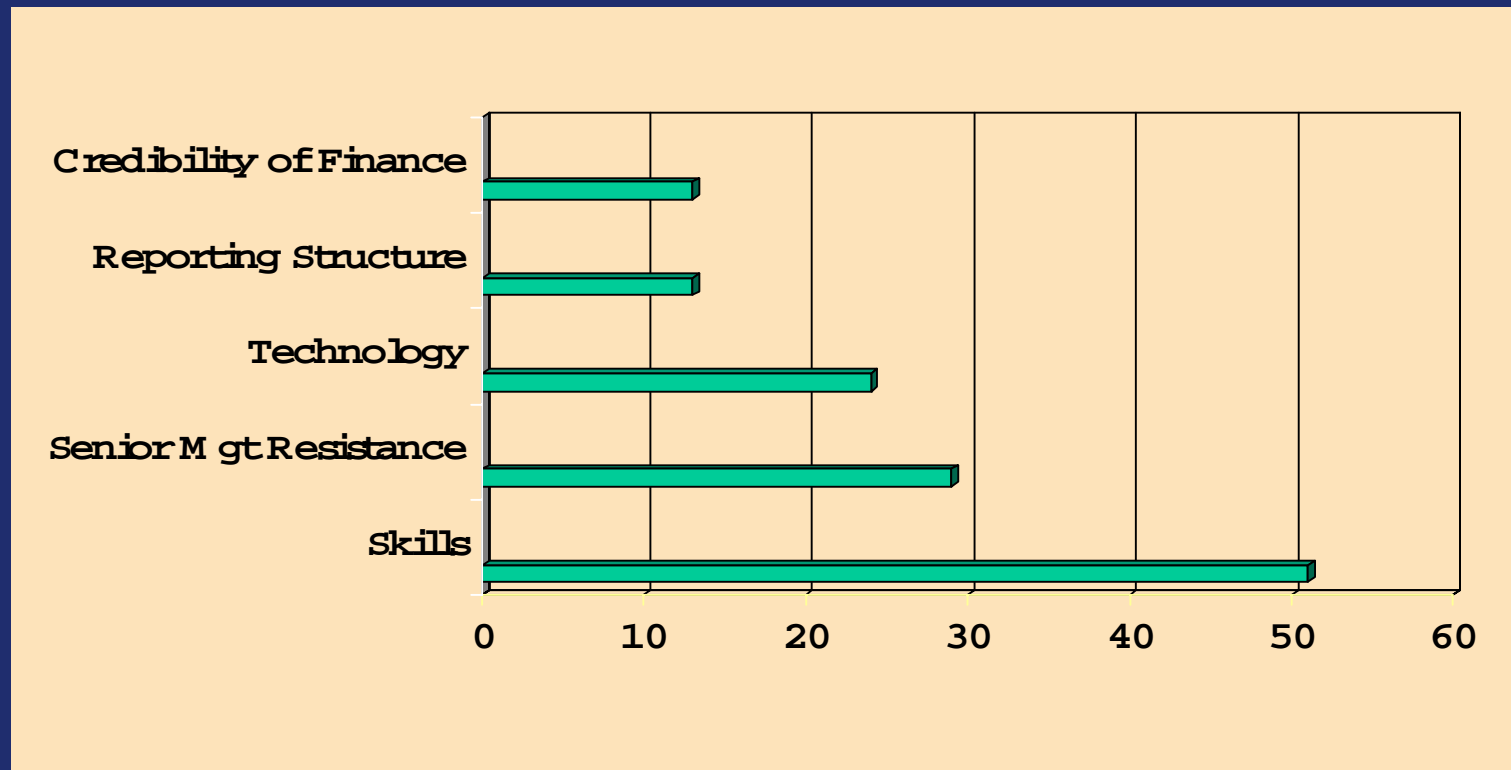
Surveys conclude that finance activities are focused on "policing" and "scorekeeping"



Internal customers do not perceive value-added involvement



Strategic barriers to improving finance



Source: PwC--CFO Architect of the Corporation's Future

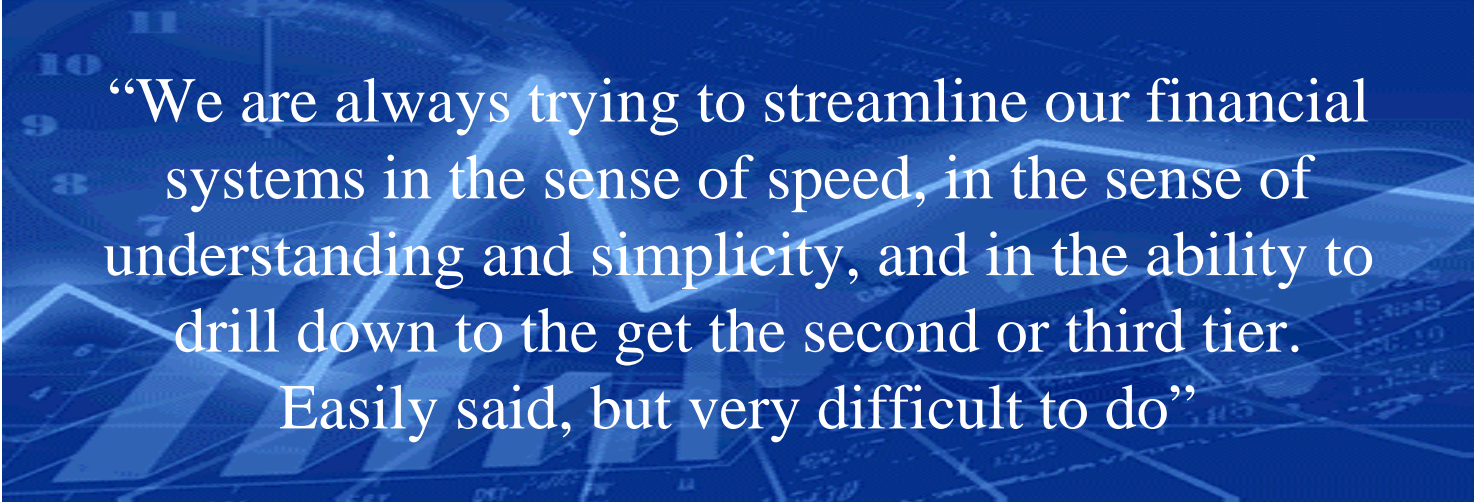
Top Priorities for Private Sector CFOs Mirror Yours

CFO 2000: The Global CFO As Strategic Business Partner

PricewaterhouseCoopersLLP

Replacement of obsolete financial systems	45%
Integration of financial/non-financial systems	45%
Implementation of new technology such as work flow, imaging	42%
Culture change programs	40%
Common chart of accounts	23%
Introduction of shared service centers	42%
Outsourcing business operations	41%
Simplifying intercompany accounting	41%
Streamlining reporting entities	33%
Reduction in the number of suppliers	34%

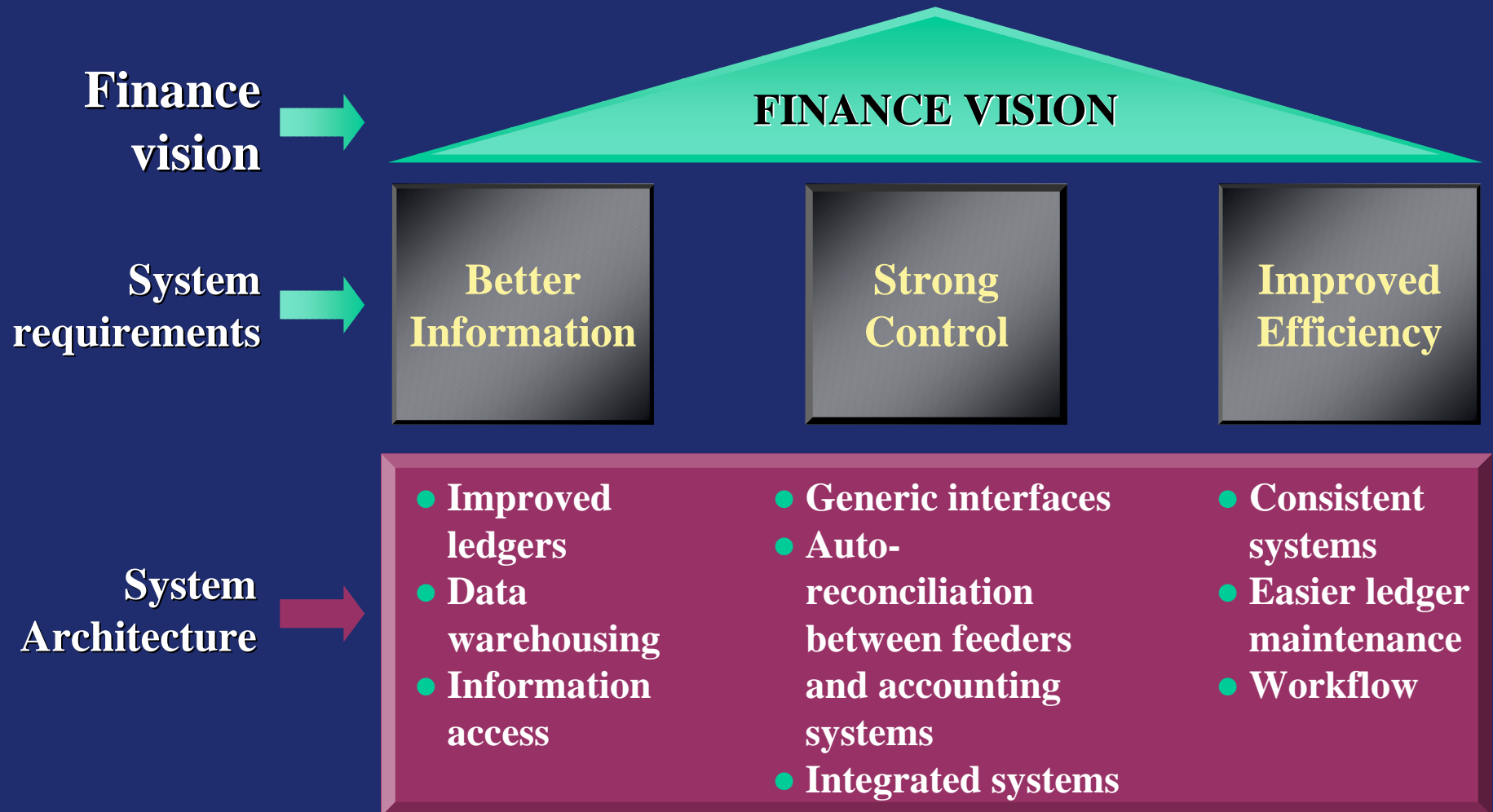
The Changing Role of the CFO



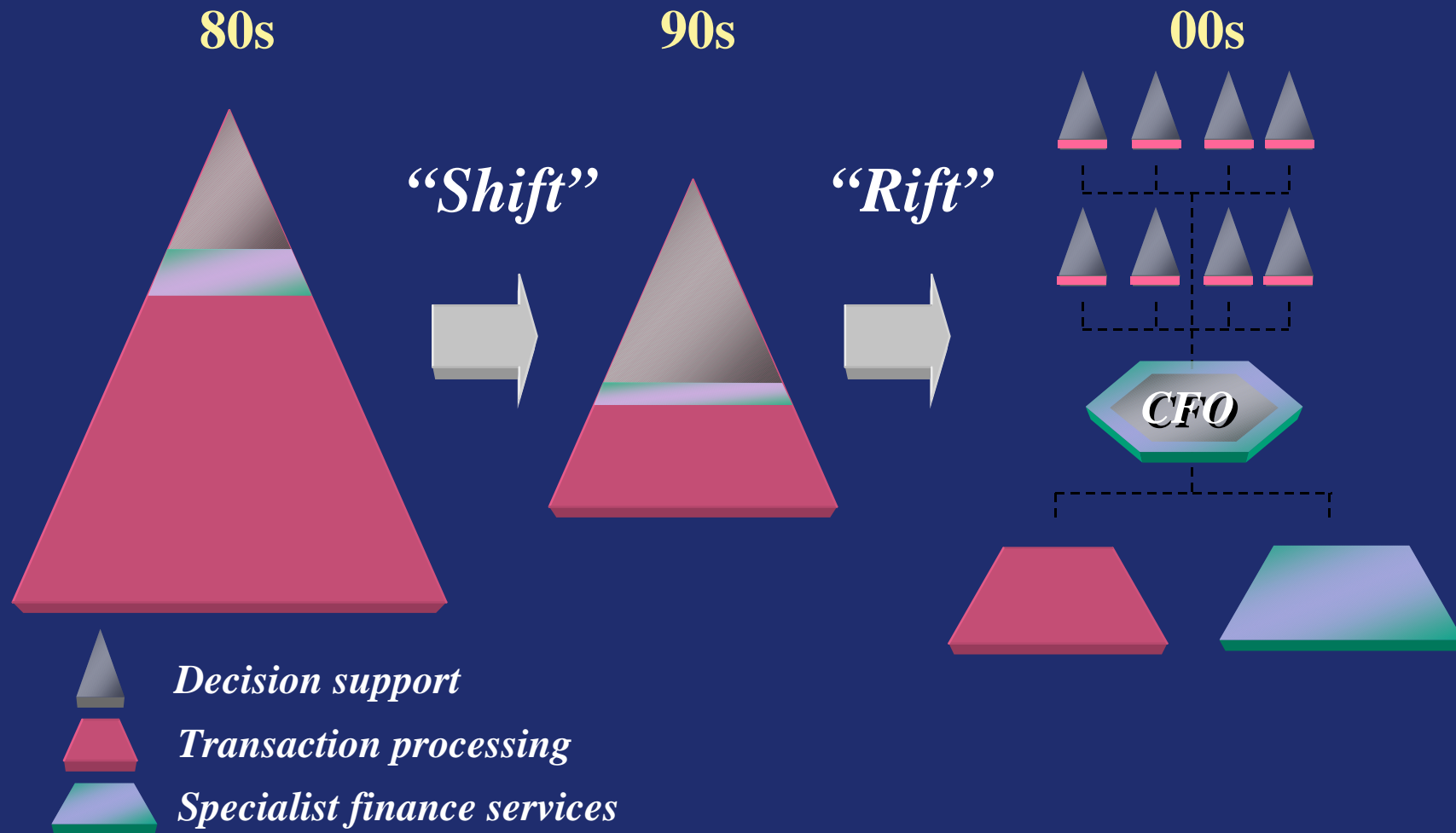
“We are always trying to streamline our financial systems in the sense of speed, in the sense of understanding and simplicity, and in the ability to drill down to the get the second or third tier. Easily said, but very difficult to do”

Ken Coates, CFO, Ford Motor Credit Company

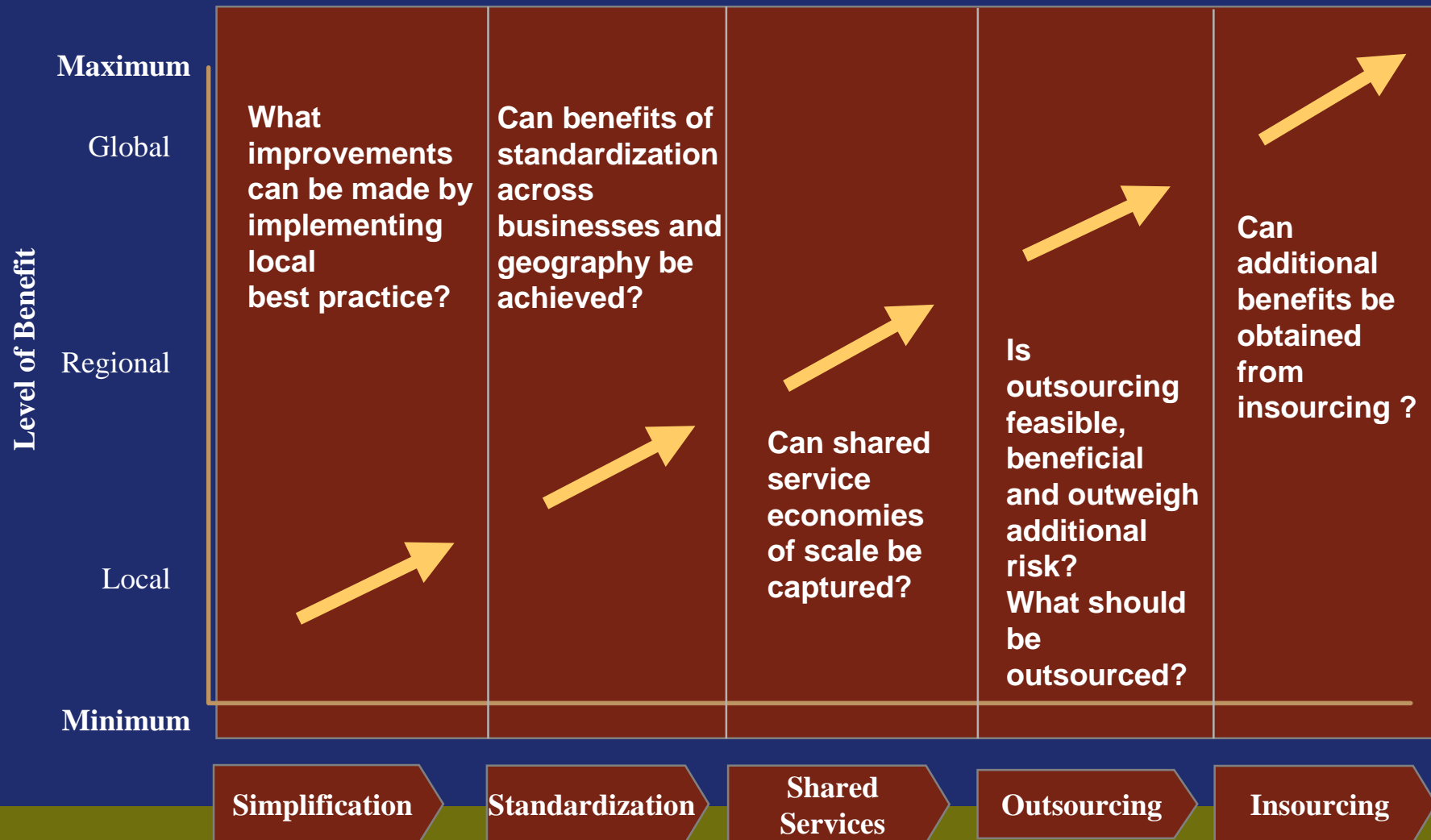
The Strategic Vision for Finance



Overview of the Future Vision – The Organization



What are some of the key questions in innovative service delivery?

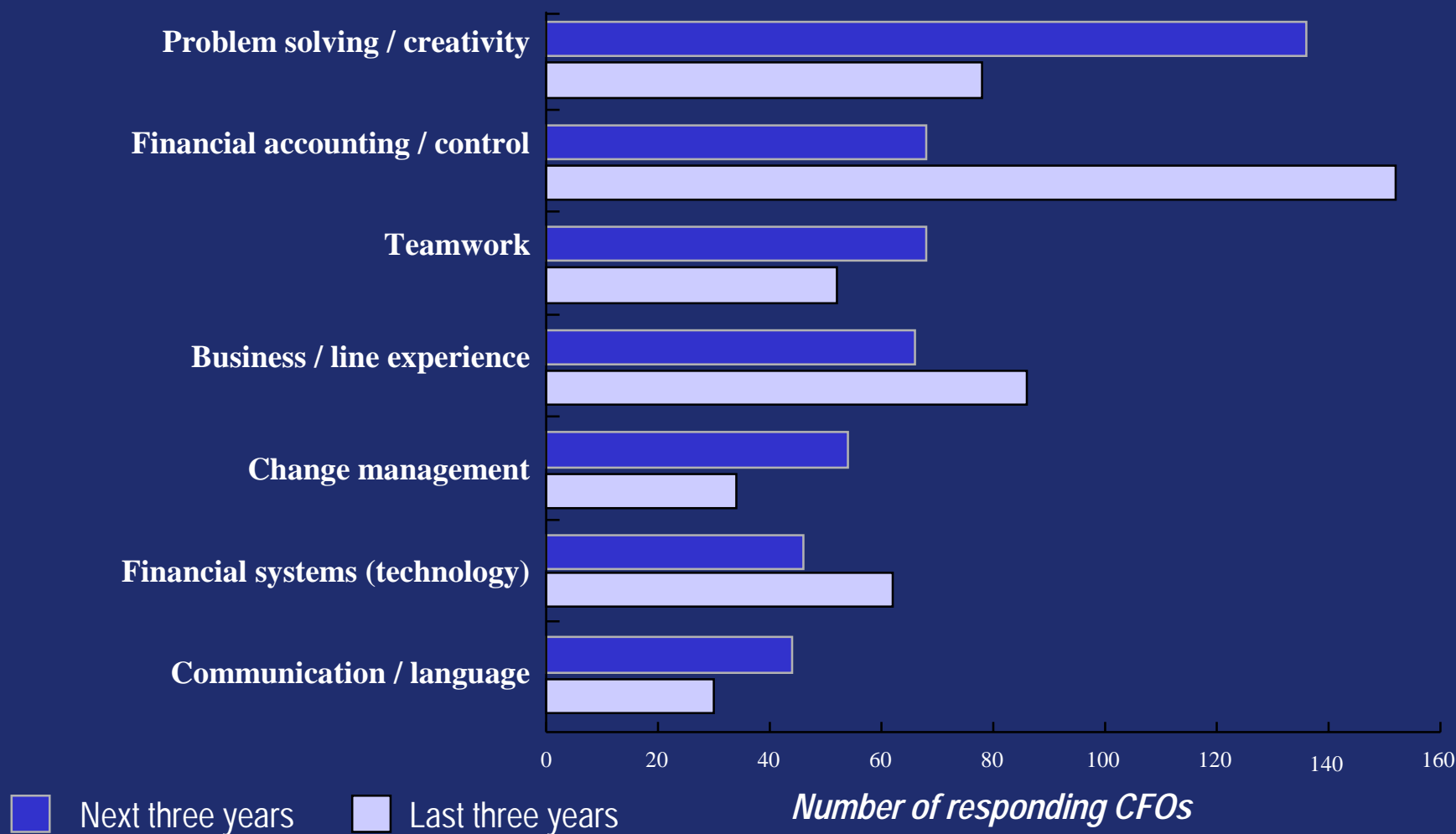


The Changing Role of the CFO

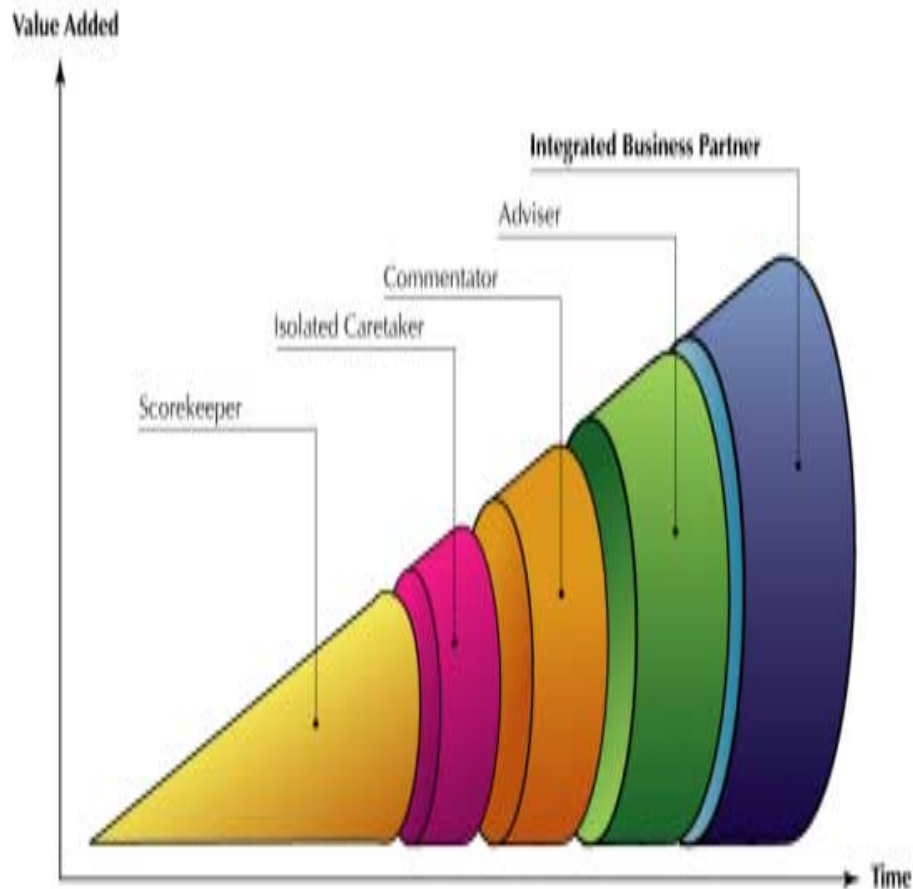
“The first question is do we have the right people to make the transition to a business partner? Finance people need to have a business perspective and not just a financial perspective”

Ernie Larini, CFO, Warner-Lambert

Overview of the Future Vision – The Most Valuable Skills



FINANCE TRANSFORMATION



Scorekeeper

Process

- Silo Approach
- Internally focused
- Heavily controlled

Technology Systems

- Manually intensive
- Fragmented independent systems
- Inaccessible data

Organization & People

- Technical competence
- Stand alone

Culture

- Reactive
- Repetitive

Integrated Business Partner

Process

- Cross-functional
- Customer-focused
- Controls included in technology

Technology Systems

- Automated processes, single data capture
- Integrated applications
- Consistent and accessible data

Organization & People

- Business & financial acumen
- Team players

Culture

- Proactive
- Engaged
- Dynamic

What will impact the private sector CFO?

- Speed counts, structure doesn't
- Brush up on skills:
 - technology (42 %), operations (16 %), people (26 %), communications, and financial (9 %)
- E-business will change everything
- Finance department will shrink (more) (thanks web)
- Web will foster *insourcing*
- CFO's must become *value arbiter of IT \$*
- Winners will manage the talent

What are the Fundamentals?

- Leverage Existing Data and Data Sources
- Innovate through Partnering
- Selling the Family Farm
- Enhance the Analytic Capacities of Finance
- Reform the Budget Process — Blow it Up
- Minimize Costs (know them first!)
- Customer Centric — know what your customers want and act on that
- Every Personnel Selection is Key

What CFO's Must Do to meet these challenges!

- Assess Institutional Credibility
 - Build capacity and reputation before leaping
- Manage Upwards
 - Is anyone home? Only when the House is on fire?
- Create a Level Playing Field
- Create a simple two year agenda
 - Think beyond the clean opinion
- Build or create financial strategic leadership
- Cultivate program champions/partners

Driving the Vision

Challenges

- Finance Credibility
- Data Integrity
- Systems Architecture
- People Talent
- Linking Investments with Performance
- Asset & Risk Management
- Leveraging Information

Solutions

- Analytic Capacity Building
- Use Data/Information for decision making
- Develop existing talent, bring in new
- Use best practices to manage assets – common application approaches
- Re-evaluate internal control processes

Vision

- Focus Finance on analytic/decision support
- Implement new solutions for non-core activities (ie., accounting and payments)
- Fill leadership positions with visionaries backed up by technical talent
- Its all about information, its availability and it usefulness

Transforming the role of finance & the CFO

Creating new operating

**Creating new
operating models
for finance:**

- Finance Vision / Business Partnering
- Shared services / BPO
- Skills development

Embedding value
based decision
making

**Driving step-change
improvement:**

- Operation costs
- Asset utilization
- Revenue maximization

**Leveraging best
practice**

**Processes &
Systems**

- Process redesign
- Utilizing new systems
- Data warehousing
- e-government

**Enterprise
Performance
Intervention**

**Finance
Organization
Transformation**

**Competitive
Enterprise
Management**

The Changing Role of the CFO



"Finance people need to have a view of the outside world if they want a shot at the table where decisions are made."

John Barter, CFO, AlliedSignal
